



DEPARTMENT OF AGRICULTURE

Farm Service Agency

Notice of Funds Availability; Cotton and Wool Apparel Program

[Docket ID FSA–2022–0005]

AGENCY: Commodity Credit Corporation, and Farm Service Agency; Department of Agriculture (USDA).

ACTION: Notification of funding availability.

SUMMARY: The Farm Service Agency (FSA) is announcing the availability of \$50 million for the new Cotton and Wool Apparel Program (CAWA), which will support the domestic markets for wool and Pima cotton by assisting eligible apparel manufacturers of men’s and boys’ worsted wool suits, sport coats, pants, or Pima cotton dress shirts; Pima cotton spinners; and wool fabric manufacturers and wool spinners. The COVID-19 pandemic dramatically reduced the demand for these types of clothing, textiles, and threads, and in turn, the market for the raw commodities. CAWA will assist in the development and restoration of the market for domestically produced cotton and wool products and ultimately for the underlying commodities. To be eligible for CAWA, an applicant must have experienced a decrease of at least 15 percent in calendar year 2020 gross sales or consumption of eligible products described in this document compared to the applicant’s gross sales or consumption in any selected calendar years 2017, 2018, or 2019. Payments to eligible entities will be based on their pre-pandemic market share relative to other similar applicants subject to payment limitations. The eligibility requirements, payment calculation, and application procedure for CAWA are included in this document.

DATES: *Funding availability:* Implementation will begin [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

Applications Start Date: We will accept applications for funding starting on May 16, 2022.

Applications Due Date: We will accept applications for funding through June 17, 2022.

FOR FURTHER INFORMATION CONTACT: Kimberly Graham; telephone: (202) 720–6825; email: Kimberly.Graham@usda.gov. Persons with disabilities who require alternative means for communication should contact the USDA Target Center at (202) 720–2600 (voice) or (844) 433–2774 (toll-free nationwide).

SUPPLEMENTARY INFORMATION:

Background

Since the onset of the COVID-19 pandemic in March 2020, millions of Americans transitioned from working in offices to working from home. Two years later, the pandemic has persisted, and many employees have continued to work remotely. This transition toward remote work has led to a dramatic decrease in consumer demand for worsted wool suits, sport coats, dress pants, and Pima cotton dress shirts. Manufacturers of these products, mainly small and medium-sized businesses, had to temporarily shut down or reduce their hours of production through the early months of the pandemic due to a dramatic decline in demand. Although many of these manufacturers shifted to the production of personal protective equipment (PPE), the industry has struggled to recover from a persistent and significant reduction in sales and many of these businesses are now struggling to avoid bankruptcy.

Without additional support, some of these companies will cease operations or be unable to restore full production, negatively impacting American workers, the supply chain, and ultimately the market for domestic cotton growers and wool producers that rely on the American apparel manufacturing industry to support the market for their raw products. Like other industries, the supply chain between the production of raw Pima

cotton or wool to the ultimate consumer has become globalized and does not track the origin of the raw material in most cases. Many imported wool and Pima cotton fabrics contain domestically produced raw materials and ultimately support the markets for those domestic agricultural commodities. By excluding synthetic fabrics and targeting specific apparel, CAWA further ensures assistance to support and rebuild key domestic and global markets for the domestic producers of raw Pima cotton and wool.

In accordance with 15 U.S.C. 714c, the Secretary is using \$50 million of the Commodity Credit Corporation (CCC) funds that were previously transferred for pandemic-related assistance to establish a new program to indirectly support Pima cotton and wool producers by providing assistance to wool and Pima cotton manufacturers and spinners whose consumption and gross sales of raw Pima cotton and wool in 2020 were impacted by the COVID-19 pandemic and that filed an affidavit for a payment in any year from calendar year 2017 to calendar year 2021 in accordance with sections 12602 or 12603 of the Agriculture Improvement Act of 2018 (2018 Farm Bill; Pub. L. 115-34), which authorizes the Wool Apparel Manufacturers Trust Fund and the Pima Agriculture Cotton Trust Fund, respectively. CAWA is using the eligibility for the trust funds established in the 2018 Farm Bill because the entities that meet these eligibility criteria encompass the known universe of domestic apparel manufacturers of men's and boys' worsted wool suits, sport coats, pants, or Pima cotton dress shirts; Pima cotton spinners; and wool fabric manufacturers and wool spinners. This group of companies represents one of the few markets for Pima cotton and wool materials in the United States and an opportunity to indirectly support wool and Pima cotton producers. While CAWA defines eligibility partially based on eligibility for, and participation in, these trust funds, CAWA and the trust fund programs are otherwise distinct and separate with regard to purpose and authority. Since the entities targeted for payment in both CAWA and the trust funds have been determined to be the same, using the same base eligibility criteria, as

previously demonstrated through participation in the trust fund programs provides for a streamlined delivery of CAWA. Since CAWA is a pandemic assistance program focused on restoring and improving a distinct market, CAWA participants must meet additional eligibility criteria to ensure assistance through CAWA is tied to demonstrable pandemic-induced market challenges.

CAWA will provide assistance to several subsets of the wool and Pima cotton industries. There are no publicly available breakdowns of the relative size or degree of need among the different segments; therefore, USDA conducted research and leveraged appropriate industry resources with specific knowledge of the Pima cotton and wool apparel markets. USDA research and these industry resources provided the information necessary for USDA to determine the level of pandemic-related market challenges for each subset of the wool and Pima cotton industries, along with the support needed to restore and increase these markets for Pima cotton and wool in the United States. This information was subsequently used to determine the funding levels for each industry subset. As a result, USDA determined that approximately \$35 million will be available for eligible apparel manufacturers; approximately \$5 million will be available for eligible Pima cotton spinners; and approximately \$10 million will be available for eligible wool fabric manufacturers and yarn wool spinners. USDA also determined that a minimum payment of \$50,000 would be used to both ensure that each recipient received sufficient assistance to provide a meaningful amount to restore or help expand the domestic market and as a way to target small businesses for a proportionately larger benefit than if market share was used alone.

Funds available to CCC will be used as authorized by section 5(e) of the CCC Charter Act (15 U.S.C. 714c(e)). As outlined above, the assistance to these wool and Pima cotton domestic apparel and textile industries will help increase and restore the domestic consumption of agricultural commodities in the form of raw Pima cotton and

wool by aiding in the recovery of the domestic market for the use of Pima cotton and wool products. Without this assistance, several companies have indicated that they may cease operation or remain at lower production levels for a substantially longer period of time, impairing the demand for Pima cotton and wool materials from domestic markets. The specific CCC authority will be used to restore and ultimately improve the viability of this key domestic market for Pima cotton and wool materials beyond pre-pandemic levels.

FSA is implementing CAWA as a part of the Secretary's USDA Pandemic Assistance for Producers initiative. While each applicant must meet the minimum eligibility requirement of a 15 percent decline in gross sales or consumption compared to pre-pandemic levels, the payments themselves will be based on each applicant's pre-pandemic market share and are not indemnities for past losses. Through CAWA, FSA will make payments to:

- Apparel manufacturers that have experienced at least a 15 percent decrease in calendar year 2020 in gross sales of eligible products, when comparing calendar year 2020 gross sales to gross sales in any one of calendar years 2017, 2018, or 2019; gross sales is used in the case of apparel manufacturers because there is not a readily available conversion to consumption of the raw materials.
- Pima cotton spinners that have experienced at least a 15 percent decrease in calendar year 2020 in:
 - Gross sales of eligible products when comparing calendar year 2020 gross sales to gross sales in any one of calendar years 2017, 2018, or 2019; or

- Consumption of eligible products when comparing calendar year 2020 consumption to consumption in any one of calendar years 2017, 2018, or 2019; and
- Wool fabric manufacturers and wool spinners that experienced at least a 15 percent decrease in calendar year 2020 in:
 - Gross sales for of eligible products when comparing calendar year 2020 gross sales to gross sales in any one of calendar years 2017, 2018, or 2019; or
 - Consumption of eligible products, when comparing calendar year 2020 consumption to consumption in any one of calendar years 2017, 2018, or 2019.

On behalf of the CCC, FSA is administering the direct payments under the general supervision and direction of the FSA Administrator, with assistance from the Foreign Agriculture Service (FAS) to ensure applicants are eligible.

Definitions

The definitions in 7 CFR parts 718 and 1400 apply to CAWA, except as otherwise provided in this document. The following definitions also apply:

Apparel manufacturers means domestic manufacturers and producers that use imported Pima cotton fabric (80s or higher count and 2-ply in warp) to manufacture men's and boys' woven Pima cotton shirts or domestic manufacturers and producers of men's and boys' worsted wool suits, suit-type jackets, or trousers that use imported fabrics containing 85 percent or more by weight of wool.

Consumption means for:

- Pima Cotton – the number of pounds of Pima cotton processed for U.S. ring spun Pima cotton yarns measuring less than 83.33 decitex (exceeding 120 metric number).

- **Worsted Wool** – the number of pounds of wool top spun into worsted yarn and the number of pounds of wool yarn processed into worsted woven wool fabric, converted into wool top.

Member of a controlled group means a subsidiary or otherwise affiliated company of a parent or holding company that has a history of participating in the wool and cotton trust fund programs. The applicant would be the parent or holding company for the purposes of this program.

Deputy Administrator means Deputy Administrator for Farm Programs, Farm Service Agency, U.S. Department of Agriculture, or their designee.

Gross sales means the direct sale or wholesale of eligible products only in dollars.

Pima cotton spinner means a spinner that produces domestic ring spun Pima cotton yarns measuring less than 83.33 decitex (exceeding 120 metric number) in single and plied form.

Unique entity identifier (SAM UEI) means a number used to identify a specific entity. A System for Award Management (SAM) UEI number replaced the DUNS UEI number. The number can be obtained on SAM.gov, and is used to make payments to entities receiving government payments.

Wool fabric manufacturers and wool spinners means domestic manufacturers and producers of woven worsted wool fabrics containing 85 percent or more by weight of wool or processors of imported wool yarn, fiber, and top that use such wool yarn, fiber, or top to manufacture in the United States.

Wool top means wool fiber used for worsted manufacturing. It has undergone all major preprocessing steps and is ready for yarn spinning. To convert wool yarn to wool top, applicants should use the following conversion: 1 pound of wool yarn equates to 1.11 pounds of wool top.

United States means all 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

Eligible Products

For apparel manufacturers, eligible products are:

- Men's and boys' worsted wool suits, sport coats, or pants; or
- Men's and boys' Pima cotton dress shirts.

The products must have been cut and sewn in the United States at a facility owned by the applicant or a member of its controlled group in the United States.

For Pima cotton spinners, the eligible product is Pima cotton for U.S. ring spun Pima cotton yarns measuring less than 83.33 decitex (exceeding 120 metric number) in single and plied form.

For wool fabric manufacturers and wool spinners, eligible products are:

- Yarn spun in the United States of a type used for worsted woven wool fabric;
- Worsted wool fabric woven in the United States; or
- Wool top spun into worsted yarn in the United States.

Eligibility

To be eligible for a CAWA payment, an applicant must:

- (1) Have filed an affidavit for a payment in any year from 2017 to 2021 from the trust funds authorized by sections 12602 and 12603 of the 2018 Farm Bill.
- (2) At the time of application, be in operation or have plans to restart domestic operations within a reasonable timeframe as an apparel manufacturer, Pima cotton spinner, wool fabric manufacturer, or wool spinner and

submit a business plan showing the use of the assistance determined acceptable by the Deputy Administrator.

(3) Have had at least a 15 percent decrease in calendar year 2020, compared to calendar year 2017, 2018, or 2019, in:

(a) Gross sales; or

(b) Consumption of the eligible products, except for apparel manufacturers.

(4) Be an active entity on <https://SAM.gov> and have a SAM UEI.

An eligible applicant is a legal entity with production and facilities located in the United States.

Any entity that did not file an affidavit for a payment in any year from 2017 to 2021 under sections 12602 and 12603 of the 2018 Farm Bill is ineligible for CAWA.

An entity is considered eligible if it is manufacturing on the date of application or has plans to restart domestic operations within a reasonable timeframe and submits a business plan showing the use of the assistance determined acceptable by the Deputy Administrator. An entity remains eligible if it acquired a manufacturer or producer during any year in which gross sales or consumption is reported on an application, or if there is a change in ownership and the entity continues to manufacture the same products as a predecessor manufacturer that participated in a trust fund. In the case of an entity that continues to manufacture the same products as a predecessor manufacturer, the entity may use gross sales or consumption data of its predecessor in its application at the discretion of the Deputy Administrator

If an entity is under common control with another manufacturer or producer during any year in which sales or consumption would be reported on an application, any application must be submitted through the parent or holding company unless otherwise permitted by the Deputy Administrator.

Application Process

FSA will accept applications from May 16, 2022, through June 17, 2022. To apply for CAWA, eligible applicants must submit a completed form CCC-917, Cotton and Wool Apparel Program (CAWA) Application. Applications may be submitted to the FSA National Office by email to CAWA@usda.gov. All applicants must be an active entity on <https://SAM.gov> and are required to enter their SAM UEI number on the application form to receive payment.

The program requires the applicant to show a 15 percent or greater reduction in calendar year 2020 when comparing calendar year 2017, 2018, or 2019 to calendar 2020, for:

- Apparel manufacturers, gross sales of eligible products.
- Pima cotton spinners, either:
 - Gross sales of eligible products, or
 - Consumption of eligible products.
- Wool fabric manufacturers and/or spinner, either:
 - Gross sales of eligible products, or
 - Consumption of eligible products.

The applicant only needs to report the applicable percentage decrease on the CCC-917 but should be prepared to provide actual calculations and documentation upon request.

Eligible apparel manufacturers will report gross sales of eligible products for the year of their choice during calendar years 2017, 2018, or 2019 on form CCC-917. These data will be used to approximate each company's pre-pandemic market share relative to other applicants in order to calculate the proportionate share of funding within the apparel manufacturer funding category after an initial flat-rate payment is made to each eligible entity and subject to payment limitations.

To estimate the pre-pandemic market share and calculate proportionate payment shares within the other funding categories, Pima cotton spinners, wool spinners, and wool fabric manufacturers must report total consumption on form CCC-917 for calendar year 2017, 2018, or 2019. When reporting consumption, a wool yarn spinner will report the total number of wool top pounds processed, and a wool fabric manufacturer will convert total pounds of wool yarn processed into wool top and then report the total number of wool top pounds processed.

FSA will cross-check applicant information with the most recent affidavits on file with FAS for the trust funds. If there is not a match, applicants will be required to provide documentation to verify they are authorized to represent the eligible entity, executed in accordance with any State laws that designate what officers, members, or managers are authorized signatories for signature authority on the form CCC-917. Documentation may include, but is not limited to, corporate charter, bylaws, articles of organization, partnership papers, signed corporate minutes, or resolution of the corporation's board of directors.

Gross sales and consumption are based on the applicant's certification and are subject to spot check.

If requested by FSA, the applicant must provide supporting documentation to verify the accuracy of information provided on the application, including to substantiate the gross sales or consumption, and documentation that demonstrates the application is not for an entity that is under common control with another manufacturer or producer during any year in which gross sales or consumption are reported on an application. If any supporting documentation is requested, the documentation must be submitted to FSA within 30 days from the request or the application will be disapproved by FSA. Supporting documentation should be maintained for a period of 3 years.

Payments

For all eligible applicants, the payment amount will be calculated as follows:

- A payment of \$50,000;
- Plus, a proportionate share of the remaining balance of funds in the applicant's funding category based on each applicant's pre-pandemic market share adjusted for payment limitations.

The funds available for eligible apparel manufacturers, Pima cotton spinners, and wool fabric manufacturers and wool spinners are as follows:

- Approximately \$35 million will be available for eligible apparel manufacturers. Eligible apparel manufacturers will receive a minimum payment of \$50,000 plus the proportionate share of the balance of funds available based on pre-pandemic market share measured by gross sales and adjusted for remaining applicants in the funding category as entities reach the payment limit. Payments will be capped at \$8 million per applicant.
- Approximately \$5 million will be available for eligible Pima cotton spinners. Eligible Pima cotton spinners will receive a minimum payment of \$50,000 plus the proportionate share of the balance of funds available based on pre-pandemic market share measured by consumption and adjusted for remaining applicants in the funding category as entities reach the payment limit. Payments will be capped at \$2.5 million per applicant.
- Approximately \$10 million will be available for eligible wool fabric manufacturers and wool spinners. Eligible wool fabric manufacturers and wool spinners will receive a minimum payment of \$50,000 plus the proportionate share of the balance of funds available based on pre-pandemic market share measured by consumption and adjusted for

remaining applicants in the funding category as entities reach the payment limit. Payments will be capped at \$5 million per applicant.

Within each funding category payments will be determined using the same procedures. First, the \$50,000 minimum payment will be allocated to each eligible applicant, and then the remaining available funding will be apportioned. For example, if there are 20 eligible apparel manufacturer applicants, minimum payments would total \$1 million. Second, the remaining funding within each funding category will be allocated proportionately based on each entity's pre-pandemic market share. This is calculated based on either relative gross sales or consumption, depending on funding category, reported in three pre-pandemic years, 2017, 2018, or 2019. Applicants can choose the year of gross sales or consumption reported for this market share calculation, but the proportionate shares will be calculated without regard for which of the three years is reported by each entity. In other words, within each of the three categories, the total across all eligible applicants will be a sum of the individual submissions and not broken down by year. An entity's total payment will be capped by applicable payment limitations. Once an entity reaches a payment limitation, that entity's proportional share of funding above the payment limit will be reallocated to any entities in that funding category that have not reached the payment limitation based on their proportional pre-pandemic market shares. Continuing the earlier example, there would be \$34 million remaining in the apparel manufacturer category after the minimum per entity payment of \$50,000. Therefore, if an entity has a 30 percent pre-pandemic market share (\$10.2 million), it would receive \$7,950,000 from the proportionate funding (in addition to the \$50,000 that every eligible applicant receives) and the remaining \$2,250,000 of its share above the payment limitation would be reallocated based on the proportional pre-pandemic market shares of any entities that have not yet reached the payment limitation in the apparel manufacturer funding category.

Provisions Requiring Refund to FSA

In the event that any application for a CAWA payment resulted in an incorrect payment due to erroneous information reported by the applicant, the payment will be recalculated, and the applicant must refund any excess payment to FSA, including interest, to be calculated from the date of the disbursement to the applicant. If, for any reason, FSA determines that the applicant misrepresented the gross sales or consumption difference, the application will be disapproved, and the applicant must refund the full CAWA payment to FSA, with interest, from the date of disbursement. Any required refunds must be resolved in accordance with 7 CFR part 3.

Miscellaneous Provisions

All applicants must provide the name and address of the entity along with their active SAM UEI. Provisions of 7 CFR 718.6, which address ineligibility for benefits for offenses involving controlled substances, apply to CAWA. Appeal regulations specified in 7 CFR parts 11 and 780, and equitable relief and finality provisions specified in 7 CFR part 718, subpart D, apply to determinations under CAWA. The determination of matters of general applicability cannot be appealed if they are not in response to, or result from, an individual set of facts in an individual participant's application for payment. Such matters of general applicability include, but are not limited to, the determination of applicable time periods and the payment calculation for CAWA.

Participants are required to retain documentation in support of their application for 3 years after the date of approval. Participants receiving CAWA payments or any other person furnishing such documentation to USDA must permit authorized representatives of USDA or the Government Accountability Office, during regular business hours, to enter the participant's business and to inspect, to examine, and to allow representatives to make copies of books, records, or other items for the purpose of confirming the accuracy of the information provided by the participant.

Applicants have a right to a decision in response to their application. If an applicant files a late CAWA application, the application is subject to the following conditions:

- A late CAWA application will be considered a request to waive the deadline.
- Requests to waive or modify program provisions are at the discretion of the Deputy Administrator. The Deputy Administrator has the authority to waive or modify application deadlines and other requirements or program provisions not specified in law in cases where the Deputy Administrator determines it is (1) equitable to do so; and (2) where the lateness or failure to meet other requirements or program provisions do not adversely affect the operation of CAWA.
- Applicants who request to waive or modify CAWA program provisions do not have a right to a decision on those requests.
- The Deputy Administrator's refusal to exercise discretion on requests to waive or modify CAWA program provisions will not be considered an adverse decision and is, by itself, not appealable.

The regulations governing offsets in 7 CFR part 3 apply to CAWA payments.

In either applying for or participating in CAWA, or both, the applicant is subject to laws against perjury (including but not limited to 18 U.S.C. 1621). If the applicant willfully makes and represents as true any verbal or written declaration, certification, statement, or verification that the applicant knows or believes not to be true, in the course of either applying for or participating in CAWA, or both, then the applicant may be found to be guilty of perjury. Except as otherwise provided by law, if guilty of perjury the applicant may be fined, imprisoned for not more than 5 years, or both, regardless of

whether the applicant makes a verbal or written declaration, certification, statement, or verification within or outside the United States.

Paperwork Reduction Act Requirements

In accordance with the Paperwork Reduction Act, the information collection request that supports CAWA was submitted to OMB for emergency approval. OMB approved the 6-month emergency information collection under OMB control number 0560-0308. The CAWA Program will be available for up to 6 months for making the payments to the eligible apparel manufacturers, Pima cotton spinners, and wool fabric manufacturers and wool spinners that have experienced a decrease of at least 15 percent in gross sales or consumption in calendar year 2020, compared to any one of calendar years 2017, 2018, or 2019.

Environmental Review

The environmental impacts have been considered in a manner consistent with the provisions of the National Environmental Policy Act (NEPA, 42 U.S.C. 4321- 4347), the regulations of the Council on Environmental Quality (40 CFR parts 1500-1508), and the FSA regulation for compliance with NEPA (7 CFR part 799).

As previously stated, CAWA will provide payment to the eligible apparel manufacturers, Pima cotton spinners, and wool fabric manufacturers and wool spinners that experienced a decrease of at least 15 percent in gross sales or consumption in calendar year 2020, compared to any one of calendar years 2017, 2018, or 2019. The limited discretionary aspects of CAWA do not have the potential to impact the human environment as they are administrative. Accordingly, these discretionary aspects are covered by the FSA Categorical Exclusion specified in 7 CFR 799.31(b)(6)(vi) that applies to safety net programs.

No Extraordinary Circumstances (§ 799.33) exist. As such, the implementation of CAWA and the participation in CAWA do not constitute major Federal actions that

would significantly affect the quality of the human environment, individually or cumulatively. Therefore, FSA will not prepare an environmental assessment or environmental impact statement for this action and this document serves as documentation of the programmatic environmental compliance decision for this Federal action.

Federal Assistance Programs

The title and number of the Federal assistance programs, as found in the Assistance Listing¹, to which this document applies is 10.149, Cotton and Wool Apparel Program (CAWA).

USDA Non-Discrimination Policy

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family or parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (for example, braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA TARGET Center at (202) 720-2600 or (844) 433-2774 (toll-free nationwide). Additionally, program information may be made available in languages other than English.

¹See <https://sam.gov/content/assistance-listings>.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <https://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint> and at any USDA office or write a letter addressed to USDA and provide in the letter all the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by mail to: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or email: OAC@usda.gov.

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Zach Ducheneaux,
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